

## Message Text

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ACTION EUR-12

INFO OCT-01 EA-07 IO-13 ISO-00 AID-05 CEA-01 CIAE-00

COME-00 EB-07 FRB-03 INR-07 NEA-10 NSAE-00 USIA-06

OPIC-03 SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 AGRE-00

OMB-01 SS-15 NSC-05 /104 W  
----- 096134

P R 070838Z OCT 76  
FM AMEMBASSY BONN  
TO SECSTATE WASHDC PRIORITY 2375  
INFO USMISSION OECD PARIS  
USMISSION EC BRUSSELS  
USMISSION GENEVA  
AMEMBASSY MOSCOW  
AMEMBASSY TOKYO  
USMISSION NATO BRUSSELS  
AMEMBASSY BRUSSELS  
AMEMBASSY COPENHAGEN  
AMEMBASSY DUBLIN  
AMEMBASSY LONDON  
AMEMBASSY LUXEMBOURG  
AMEMBASSY PARIS  
AMEMBASSY THE HAGUE  
AMEMBASSY ROME

C O N F I D E N T I A L SECTION 01 OF 02 BONN 17011

E.O. 11652: GDS  
TAGS: EGEN, EEWT, EFIN, OECD  
SUBJ: OECD EAST-WEST INITIATIVE: US PROPOSALS FOR  
WORK PROGRAM

REF: STATE 244132

1. SUMMARY. EMBOFF MADE REQUESTED DEMARCHE TO MFA  
DEPUTY ASSISTANT SECRETARY DITTMANN AND TO DEPUTY  
ASSISTANT SECRETARY ABRAMOWSKI AND JAHNKE AT ECONOMICS  
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MINISTRY. ECON/COMMERCIAL MINISTER DISCUSSED US

PROPOSALS BRIEFLY WITH FRAU STEEG, WHO INDICATED THAT THERE WAS A GOOD CHANCE THAT SHE WOULD BE ABLE TO GO TO PARIS FOR XCSS SESSION. US VIEWS WERE ALSO CONVEYED TO DEPUTY ASSISTANT SECRETARY MUELLER-ENDERS IN FINANCE MINISTRY BY FINANCIAL ATTACHE. FRG REACTION WAS GENERALLY POSITIVE, BUT TEMPERED BY COMMENTS THAT XCSS MUST CAREFULLY ASSESS THE NEED FOR WORK IN EACH OF THESE AREAS IN VIEW OF WORK UNDERWAY IN OTHER FORA, THAT ALTERNATIVES TO US PROCEDURAL PROPOSAL SHOULD BE REVIEWED, AND THAT IMPLICATIONS OF THESE STUDIES FOR POLICY MUST BE EXAMINED. FRG ALSO POINTED OUT THAT SEVERAL OF THE PROPOSED TOPICS WOULD REQUIRE EC COORDINATION. END SUMMARY.

2. DITTMANN'S INITIAL REMARK WAS THAT THIS WAS A MOST IMPORTANT PROPOSAL WITH MAJOR POLITICAL AS WELL AS ECONOMIC IMPLICATIONS. HE REGARDED EXISTING AVENUES FOR COORDINATION ON THESE ISSUES AS BEING TOO LIMITED, AND AGREED THAT IT IS TIMELY TO INTRODUCE PROPOSALS FOR MORE EFFECTIVE COORDINATION AT THE MULTILATERAL LEVEL. HE RECALLED THAT FRG HAD SUPPORTED THE SECRETARY'S EARLIER RECOMMENDATIONS AT OECD MINISTERIAL AND HAD ALSO PROVIDED SUPPORT AT JULY 6 XCSS. HE OFFERED TO INITIATE A RAPID REVIEW OF THE US SUBSTANTIVE PROPOSALS, PROMISING TO INFORM THE EMBASSY OF PLANNED FRG REACTION TO US PROPOSALS AT THE XCSS. HE NOTED THAT SEVERAL OF THE PROPOSED TOPICS (TRADE, CREDIT ARRANGEMENT ) WOULD REQUIRE EC COORDINATION.

3. COMMENTING ON THE PROPOSALS IN GENERAL, DITTMANN OBSERVED THAT THEY COVER ONLY THE FIRST TWO STEPS OF A WORK PROGRAM, THOSE OF INFORMATION-GATHERING AND ANALYSIS. HE STRESSED THAT AT SOME POINT WE MUST EXAMINE THE THIRD STEP--THAT OF LOOKING INTO THE POLICY IMPLICATIONS OF THESE STUDIES. THE XCSS WILL ALSO HAVE TO DISCUSS THE IMPACT OF SUCH A WORK PROGRAM ON STUDIES THAT HAVE LONG BEEN UNDERWAY IN

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OMB-01 SS-15 NSC-05 /104 W  
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P R 070838Z OCT 76

FM AMEMBASSY BONN

TO SECSTATE WASHDC PRIORITY 2376

INFO USMISSION OECD PARIS

USMISSION EC BRUSSELS

USMISSION GENEVA

AMEMBASSY MOSCOW

AMEMBASSY TOKYO

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C O N F I D E N T I A L SECTION 02 OF 02 BONN 17011

OTHER FORA. IN MORE OR LESS RHETORICAL FASHION, HE  
WONDERED WHETHER WORK IN NATO ON SUCH ISSUES AS DEBT  
SHOULD BE SHIFTED TO THE OECD, HOW THIS WORK WOULD  
RELATE TO ECE STUDIES, AND EVEN TO BASKET II OF CSCE.  
IN THIS CONNECTION HE CITED IN PARTICULAR BRESHNEV'S  
PROPOSAL FOR AN ENERGY CONFERENCE.

4. ABRAMOWSKI AND JAHNKE WERE GENERALLY RECEPTIVE TO  
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US PROPOSALS BUT GAVE MORE EMPHASIS TO THE NEED FOR

CAREFUL PREPARATION. BEFORE INITIATING PARTICULAR STUDIES, THEY BELIEVED IT WOULD BE NECESSARY TO DETERMINE WHETHER OECD COORDINATION IN EACH PARTICULAR AREA IS CALLED FOR, OR WHETHER THE NEED FOR SUCH COORDINATION IS NOT PRESENTLY BEING MET IN OTHER FORA. REFERRING IN PARTICULAR TO NATO AND THE WESTERN CAUCUS IN GATT, THEY EXPRESSED RESERVATIONS AGAINST PROGRAMS THAT WOULD RESULT IN DUPLICATION OF EFFORT. THEY ALSO EXPRESSED CONCERN ABOUT MAINTAINING CONFIDENTIALITY OF PROGRAMS IN SUCH SENSITIVE AREAS AS TECHNOLOGY TRANSFER. (FRG CONCERN OVER MAINTAINING CONFIDENTIALITY WAS ALSO REFLECTED IN COMMENT BY FRAU STEEG TO ECON/COMMERCIAL MIN THAT EXPERTS GROUP WOULD HAVE TO BE MADE UP OF GOVERNMENT OFFICIALS.)

5. ABRAMOWSKI ALSO ARGUED THAT US PROCEDURAL PROPOSAL SHOULD BE GIVEN CLOSE ATTENTION AT THE XCSS. HE NOTED THAT THERE ARE A NUMBER OF ALTERNATIVE WAYS FOR HANDLING STUDY PROGRAMS IN THE OECD AND THAT WE SHOULD BE CAREFUL TO PICK THE PROCEDURE MOST SUITABLE FOR THIS REVIEW. HE WARNED THAT ONCE WE HAVE DECIDED ON A CERTAIN PROCEDURE WE WILL BE STUCK WITH IT. HE FURTHER WARNED THAT THE XCSS HAS IN THE PAST BEEN MOST SUCCESSFUL WHEN IT HAS DEALT WITH A PROGRAM LEADING TO A WELL DEFINED GOAL (MNC CODE, TRADE PLEDGE) AND THAT XCSS HAS BEEN LEAST SUCCESSFUL WHEN DEALING WITH ISSUES WITH ILL-DEFINED GOALS (NORTH/SOUTH). HE THUS THOUGHT THAT WE MUST BE CLEAR IN OUR MINDS ABOUT WHERE WE WISH TO COME OUT IN THESE STUDIES, AS WELL AS WHAT PROCEDURES WE WISH TO FOLLOW.  
HILLENBRAND

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